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# Enhancing the Socio-Economic Wellbeing of Malaysian Local Women through Social Capital and Micro-Enterprise Performance

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*Journal of  
Entrepreneurship and Business*

E-ISSN: 2289-8298  
<http://fkp.umk.edu.my/journal/index.html>

Vol. 3, Issue 2, pp. 13 - 25.  
December, 2015

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Date Received: 18, August 2015  
Date Accepted: 02, December 2015

DOI: 10.17687/JEB.0302.02

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**Abstract** - This study aims to determine the influence of social capital on women's micro-enterprise performance in the state of Kelantan, Malaysia. The moderating effect of attitude on the relationship between social capital and women's micro-enterprise performance is also assessed. The study employed a cross-sectional survey design, with simple random sampling, to collect data from 385 women entrepreneurs in Kelantan. The study spanned from 2014 to 2015 and data were collected between February and May, 2015. Descriptive statistics, t-test, and Smart PLS were used to analyze the data. The result of the study, among others, indicates that social capital has a significant positive effect on micro-enterprise performance. The study recommends, among others, that the Malaysian government should create awareness among women about the existence and benefits of women's associations regarding business activities, especially in the local areas.

**Keywords:** Social capital, attitude, micro-enterprise performance, women, Malaysia

## 1. Introduction

This study is primarily aimed at examining the influence of social capital on women's micro-enterprise performance in order to increase business performance among low-income, local women in the state of Kelantan, Malaysia, thereby enhancing their socio-economic wellbeing. It has been argued that micro-enterprise development, especially among poor women, could reduce poverty and provide economic empowerment among the women through income generation, improvement in household and community, self-esteem, and efficacy (Al-Shami et al., 2014).

Kelantan was studied because it is one of the local, indigenous states in Malaysia, and the custodian of Malaysia's cultural heritage, whose economic development is still at low ebb. It has an area of 15,099 square kilometers, with a population of 1.59 million people. It was ranked the poorest state in Malaysia with a GDP per capita at current prices of RM10, 677 as at 2013 (Department of Statistics, 2014) as shown in Table 1 below.

Table 1: Gross Domestic Product per Capita by State, 2012-2013 at Current Prices (RM)

State	2012	2013
Wilayah Persekutuan Kuala Lumpur	74,579	79,752
Wilayah Persekutuan Labuan	40,668	43,848
Sarawak	40,396	41,115
Pulau Pinang	36,787	38,356
Selangor	35,916	37,851
Melaka	33,623	34,109
Negeri Sembilan	32,545	33,033
Pahang	26,274	26,759
Johor	24,569	25,302
Terengganu	22,717	23,285
Perak	20,510	21,150
Sabah	18,713	18,603
Perlis	17,990	18,519
Kedah	15,777	16,316
Kelantan	10,568	10,677
MALAYSIA	31,920	32,984

Source: Department of Statistics, Malaysia, 2014. Retrieved 22 June, 2015 from [www.statistics.gov.my/index.php?r=column/](http://www.statistics.gov.my/index.php?r=column/)

Women's micro-enterprises were chosen because in most developing countries, micro-enterprises are owned and run by women (Sharma et al., 2012) as a means of survival (Selamat et al., 2011), and their contribution to the economic wellbeing of their families, communities and countries is noticeable. It was also reported that about 88% of women-owned businesses in Malaysia are micro-enterprises (SME Annual Report, 2011).

Micro-enterprises help to create wealth and reduce unemployment (Nordin et al., 2011; Osman, Ho & Galang, 2011; Salwa et al., 2013), provide creativity and innovation, and increase total production (GDP) of a nation (Mahmood & Hanafi, 2013; Mahajar & Yunus, 2012). However, literature supports the fact that women's enterprise performance is low due to gender-related discriminations especially in developing countries (May, 2007; Roomi & Parrot, 2008). Some of these discriminations, occasioned by culture, are in the areas of distribution of social wealth such as education and health (Ibru, 2009; ILO, 2009) and the inability to access micro-credit from conventional banks due to the lack of collateral as well as difficult loan application procedures (Ojo, 2009; Iheduru, 2002). Other problems of most women micro-entrepreneurs include lack of managerial ability to handle the micro-credit and knowledge of customers (Nor et al., 2012). However, women contribute to the economic development of their countries through their greater involvement in credit schemes and job creation through micro-enterprises and SMEs (Osman et al., 2011).

It is also discovered that the government's traditional enterprise development aids in the form of micro-credit and short business training is ineffective in many developing countries due to the mismanagement of funds and lack of other non-financial aids such as social networks, which could provide awareness and build self-confidence among the women to achieve business performance (Basargekar, 2011). These obstacles have led to the low business performance of women entrepreneurs. For example, in Malaysia, despite the fact that micro-enterprises accounted for 79.4% of the total SMEs and almost 78.7% of business establishments, and Micro and SMEs contributed about 64% of total employment and generated RM 159,411 million of value added in 2003 (Nawai & Shariff, 2011), yet out of 2.2 million entrepreneurs in Malaysia in 2008, only 13.1% were women (Nordin et al., 2011).

There are several studies on the relationship between micro-finance factors and micro-enterprise performance globally (Kim & Sherraden, 2014; Stohmeyer, 2007; Eversole, 2009; Ojo, 2009; Khan et al., 2013; Basargekar, 2011; Purateera et al., 2009) and specifically in Malaysia (Aziz et al., 2012; Al-Mamun, 2010; Paul et al., 2013). However, there is a paucity of studies that measure social capital and women's micro-enterprise performance, especially in Kelantan. The closest study

to this was that of [Aziz et al. \(2012\)](#), which dwelt on the challenges faced by micro, small and medium hotel lodgings in Kelantan. In addition, there is a scarcity of studies that examine the moderating influence of attitude on the relationship between social capital and micro-enterprise's performance, especially in Malaysia. A study closest to this study was conducted in Nigeria ([Ekpe et al., 2012](#)). Therefore, this justifies the need for the present study to examine the influence of social capital on the micro-enterprise performance of women entrepreneurs in Kelantan, with attitude as a moderating factor.

It is also observed, and studies have equally confirmed, that Kelantan is a poor state. The Statistics Department of Malaysia (2009) reported that Kelantan is one of the six poorest states in Malaysia, while it was also reported that Kelantan was the poorest state in Malaysia, as at 2013 (Department of Statistics, Malaysia, 2014). Again, it is observed that the performance of micro-enterprises in Kelantan is low compared to other states such as Selangor, Johor, and Pulau Pinang, yet the importance of micro-enterprises to the economic development of any community, state or country is replete in literature. Studies have agreed that micro-enterprises could help develop the economy of any community, state or country through job creation (Kim & Sherraden, 2014; [Nordin et al., 2011](#)). Arguably, this low enterprise performance and slow economic development could be one of the factors that make the people of Kelantan poor.

Furthermore, despite the various government enterprise development programs aimed at developing micro-enterprises in Malaysia especially women (e.g. Amanah Ikhtiah Malaysia, TEKUN), yet micro-enterprises especially in Kelantan are not vibrant or active. Government provides training and micro-credit, yet enterprise start-ups are low, and the impact of existing ones is minimally felt due to poor performance which invariably and negatively affected the welfare or standard of living of the women entrepreneurs in Kelantan. Some of the existing ones have failed in loan repayment ([AbdulJamak, 2011](#)). The issues here are: what could be the reason for this low micro-enterprise performance in Kelantan? Could it be the lack of social capital? Could it be the attitude of women entrepreneurs towards social capital as an aid to enterprise performance? Therefore, this study examined the influence of social capital on the micro-enterprise's performance in Kelantan, with attitude as a moderator. In conformity to contemporary studies (e.g. Hassan & Mugambi, 2013; [Jafri et al., 2014](#); Kim & Sherraden, 2014), social capital is used synonymously with social networks in this study.

## **2. Literature Review**

### ***2.1. Women's Micro-Enterprise Performance***

Women's micro-enterprise performance refers to the business performance of women entrepreneurs and their performance is best understood based on performance measures. The classical economic definitions of business performance generally are survival, profitability, and growth (Van-Horne, 1980). However, micro-enterprise performance has been operationally defined based on unique characteristics such as small size, and the inability to keep accurate accounting records especially in developing countries. For instance, micro-enterprise performance was defined and measured as net profit ([Cheston & Kuhn, 2002](#); [Eversole, 2009](#); [Shane, 2003](#)) and sales ([Ekpe et al., 2010](#)). It was also defined as increase in profit, asset, sales, and the number of employees ([Peter, 2001](#)). Again, it was defined as net profit, change in output, change in investment, and change in employment ([Kuzilwa, 2005](#)). This study defines micro-enterprise performance in line with [Kuzilwa \(2005\)](#).

### ***2.2. Social Capital and Women's Micro-enterprise Performance***

Lack of consensus exists among scholars in the definition and measurement of social capital ([Dah & Zolnik, 2011](#)). It has been defined differently by different authorities; some of which are based on different types, features, and functions ([Tundui & Tundui, 2013](#)). One of the definitions indicated that social capital consists of informal networks of friends, family, relatives, work groups,

and clubs or associations that yield value to a micro-enterprise in terms of information, self-confidence, and professional advice (Kim & Sherraden, 2014).

This study is tied to the social network theory. Social network theorists (Bourdieu, 1985; Coleman, 1990; Portes, 1998) agreed that social networks could provide economic benefits and resources to the group members, depending on their ability to access those resources. Social network provides access to micro-credit, new ideas and advices especially to young or nascent entrepreneurs, unpaid family services, and emotional support. Again, it was discovered that social network also helps in loan disbursement, supervision, and repayment through group liability (Al-Shami, 2014) because when any group member who could not repay her loan at maturity, all other group members were made to pay the outstanding amount, though she would later refund to the group (Ekpe et al., 2011). As a result, the group helps to monitor and urge their members to repay the loan on time. There is also flexibility in interest payment through social capital; learning and teaching new business skills are also achieved (Basargekar, 2011). Social capital helps in creating awareness, capacity building, and team building within the entrepreneur's network groups due to free communication and exchange of ideas among the group members. It also provides wider social and political movements and helps the women to improve their status at home, in the group, and in the community (Basargekar, 2011). Social networking significantly enhances the ability of a firm to gain government's financial support (Gunto & Alias, 2014).

Though no consensus exists among scholars on the operational definition of social capital, this study adopted the structural dimension of social capital in terms of network diversity, network size, and relationship strength or bonding in line with recent studies (Khan et al., 2013; Kim & Sherraden, 2014; Tata & Prasad, 2008; Wu, 2008).

*Network Diversity* - This refers to the number of social groups a person belongs to. An entrepreneur who belongs to diverse social groups such as the family, work group, community association, and religious groups has a wide network range. It was discovered that men have wider network diversity but lower network ties than women. These wider networks help them to access credit and market information faster than women in the USA (Allen, 2000; Tata & Prasad, 2008).

*Network Size* - This is the number of members in a social group, and the smaller the number, the stronger the network ties (Allen, 2000). Women entrepreneurs normally form single-gender groups due to demographic and cultural constraints such as educational levels and traditions, especially in developing countries, which limit their ability to have equal access to social capital necessary for business (Tata & Prasad, 2008). Strong social ties among women entrepreneur's networks was positively related to business start-up but negatively related to business revenue and survival in the USA (Kim & Sherraden, 2014).

*Network Strength (Bonding)* - This refers to the level of closeness or ties existing within a social group among the members, which could be assessed by the frequency of their meetings or interactions. Women entrepreneurs have closer ties or longer relationships than men due to the equality of relationship among the group members, which helps to sustain the group (Gine & Karlan, 2009; Mkpado & Arene, 2007; Mohamed et al., 1997; Olomola, 2002; Tata & Prasad, 2008). For example, Chan and Foster (2001) found that reliance on bonding social capital (strong ties from spouses, parents, friends, relatives, and business partners) had a significant positive influence on women enterprise owners than men in Hong Kong. The above trend in literature has proven the composite effect of social capital on micro-enterprise's performance in many countries of the world. We, therefore, hypothesized that:

*H1: Social capital is positively related to women's micro-enterprise performance.*

### 2.3. Attitude towards Social Capital (Moderator)

Given the above trend in literature, it is arguable that women entrepreneurs' ability to make use of social capital to achieve business performance depends on their attitude towards social capital. Therefore, attitude towards social capital could moderate the relationship between social capital and women's micro-enterprise performance. This attitude depends on the women's appraisal of the possible effect of belonging to several social groups on business performance through access to information and resources (Cheston & Kuhn, 2002; Fernando, 2006; [Karnani, 2007](#); [Tata & Prasad, 2008](#)). Attitude towards micro-finance factors was defined by Asikhia (2009) as perception or knowledge, feeling or emotions, and will or behavior tendencies of women entrepreneurs towards the micro-finance factors offered by the micro-finance institutions as a means of achieving their business performance.

While some studies have indicated that most women entrepreneurs are ignorant of the role of social capital on enterprise success and therefore show negative attitude towards it (e.g. [Aziz et al., 2012](#); Fernando, 2006), several other studies have provided evidence that women entrepreneurs are aware of the role of social capital on enterprise performance and therefore show positive attitude towards it (e.g. [Asikhia, 2009](#); [Khandker, 2001](#); [Manev et al., 2005](#)). For example, [Manev et al. \(2005\)](#) argued that women entrepreneur's drive to achieve personal and business goals acts as a motivation, which makes them join social groups such as women's associations in order to access information, knowledge, and other resources.

Some studies have found the positive effects of social capital on women's enterprise performance ([Brata, 2004](#); [Gine & Karlan, 2009](#); [Hassan & Mugambi, 2013](#); [Lawal et al., 2009](#); [Mkpado & Arene, 2007](#); [Olomola, 2002](#)). For example, Hassan and Mugambi (2013) concluded that financial resources, entrepreneurial skills, and networking were vital ingredients in expansion and growth of women micro-enterprises in Kenya. Other studies have found the negative impacts of social capital on women's enterprise performance ([Littunen, 2000](#); [Nordin et al., 2011](#)). For example, [Nordin et al. \(2011\)](#) found the negative effect of networks on the profitability of women entrepreneurs' business in Malaysia. The authors contended that the high price of goods and services could be the reason for low performance, even though the entrepreneur may have had a good network relationship with the customers. [Littunen \(2000\)](#) found that network size, activities and resources had no significant positive effect on the survival of new firms in the USA. Therefore, in line with [Baron and Kenny \(1986\)](#), this inconsistency in results calls for a moderator. The study, therefore, hypothesizes that:

*H2: Attitude moderates the relationship between social capital and women's micro-enterprise performance.*

## 3. Research Methodology

### 3.1. Survey Procedures

The study covered 2014-2015, and data were collected between February and May, 2015. The study employed a cross-sectional survey design with simple random sampling to collect data from 385 women entrepreneurs in the state of Kelantan, Malaysia. This is to achieve representation when a large population of study is involved. Questionnaires were distributed among women entrepreneurs who belonged to a loan group. A cross-sectional survey was conducted, which means sample respondents from women entrepreneurs were studied at a given point of time, and the results analyzed statistically. The unit of analysis (respondents) was women entrepreneurs in Kelantan who belonged to micro-credit groups and who had minimum two-three (2-3) years' business experience. This is because most literature evidence supports the fact that a minimum of three (3) years of business experience is sufficient to assess an entrepreneur ([Allen et al., 2008](#); [Antoncic, 2006](#); [Carter & Shaw, 2006](#); [Harrison & Mason, 2007](#); [Kuzilwa, 2005](#); [Salman, 2009](#)).



The study focused on women entrepreneurs in Kelantan. The activities and features of women entrepreneurs are homogenous throughout the country; therefore, the result is appropriate for generalization. The number of women entrepreneurs in Kelantan was not certain. This is in line with previous studies, which discovered that the number of women entrepreneurs in developing countries is difficult to assess due to the lack of data-bank and non-registration of some women entrepreneurs, as well as the lack of proper street addresses (Kuzilwa, 2005; Lakwo, 2007). The sample size for this study was determined through Cochran's (1963) formula, for infinite population, cited in Israel (1992); thus,  $n_o = z^2pq/e^2$ . This was at 95% confidence level and  $\pm 5\%$  precision. Therefore, the sample size for this study was 385 women entrepreneurs in Kelantan. From the questionnaires returned, 141 questionnaires (37% response rate) were usable. This achieved the acceptable level of response rate of 30% (Sekaran, 2000). However, after data cleaning, data for 101 women entrepreneurs were used for the analysis. Data were analyzed using descriptive statistics, t-test statistics, and partial least square (Smart PLS).

### **3.2. Measures**

After an extant literature review on the major constructs of the conceptual model, this quantitative study adapted the questionnaire from previous studies. For example, social capital was measured in line with Khan et al. (2013), Allen (2000), and Olomola (2002) as group membership, group size, and bonding. Attitude towards social capital, as a micro-finance factor, was measured in line with Asikhia (2009), as perception or knowledge, feeling or emotions, and will or behavior tendencies of women entrepreneurs towards the micro-finance factors (social capital inclusive) offered by the micro-finance institutions as a means of achieving their business performance. Women's enterprise performance was measured in terms of net profit, change in output, change in sales, change in investment, and change in the number of employees (Kuzilwa, 2005; Peter, 2001). All the measures were tapped on a 5-point scale.

The moderator-interaction effects were determined in line with the procedure suggested by Baron and Kenny (1986). A moderator-interaction effect would occur if a relation is substantially reduced instead of being reversed (Baron & Kenny, 1986). Again, a moderator hypothesis is supported if the interaction or the product of a predictor variable and the moderator is significant when the predictor and the moderator are being controlled (Baron & Kenny, 1986).

## **4. Results**

### **4.1. Entrepreneurs' Demographic Characteristics**

Regarding the level of education among the women entrepreneurs, the results in Table 2 shows that 61 out of the total 101 respondents did not have an undergraduate degree; most of them had secondary school education. This means that only 40 respondents or 39.6% of the selected women entrepreneurs in Kelantan had a bachelor degree and a higher degree. As per the age, 56.4% were aged between 31-40 years and 42.6% were below 30 years. Among them 60.3% were married, 28.8% were single, 5% divorced, and 5.9% widowed. As for the enterprises owned and managed by women in Kelantan, 22.8% were established less than a year ago, whereas 31.7% were established between 1 to 2 years, 7.9% were established between 2 to 3 years, 15.8% were established between 3 to 4 years, and 21.8% were established more than 4 years ago. The results are presented in Table 2.

### **4.2. Reliability Measures**

The Cronbach's alpha (CA) values, as presented in Table 3, for all the indicators were more than 0.7, and therefore considered reliable. Moreover, the composite reliability (CI), which took into account the indicators that had different loadings for all items, was more than 0.7, and therefore considered reliable. Convergent validity signifies that a set of indicators represents one and the

same underlying construct, which can be demonstrated through their unidimensionality. Therefore, the average variance extracted (AVE) values for all items were more than 0.5, which indicated sufficient convergent validity.

Table 2. Demographic Characteristics of the Respondents

Category	N	%	Category	N	%
<i>Education Level</i>			<i>Age</i>		
Below Undergraduate	61	60.3	Below 30	43	42.6
Undergraduate degree	32	31.7	31-40	57	56.4
Masters and Above	8	8.0	Over 40	1	1.0
Total	101	100.0	Total	101	100.0
<i>Marital Status</i>			<i>Enterprise Age</i>		
Married	61	60.3	Below 1 Year	23	22.8
Single	29	28.8	1 to 2 Years	32	31.7
Divorced	5	5.0	2 to 3 Years	8	7.9
Widowed	6	5.9	3 to 4 Years	16	15.8
Total	101	100.0	More than 4 Years	22	21.8
			Total	101	100.0

Table 3. Descriptive Statistics and Reliability Measures

	Number of Items	Descriptive Statistics		Reliability Measures		
		Mean	S. Deviation	CA	CI	AVE
Social Capital	5	4.0515	0.6239	0.803	0.865	0.566
Attitude	4	3.8787	0.6960	0.741	0.835	0.561
Ent. Performance	4	4.0569	0.5254	0.713	0.820	0.534

The cross-loadings were checked for discriminant validity. If an indicator has a higher correlation with another latent variable than with its respective latent variable, the appropriateness of the model should be reconsidered. Therefore, as noted in Table 4, cross-loading values were far below the outer loadings, which suggest good discriminant validity. The Fornell–Larcker criterion assesses the discriminant validity at the construct level. As suggested by Hair et al. (2013), the AVE of each latent construct should be higher than the construct's highest squared correlation with any other latent construct. As such, the Fornell–Larcker criterion in Table 4 is largely unable to detect a lack of discriminant validity. Furthermore, the Heterotrait-Monotrait Ratio (HTMT) is an estimate of the correlation between constructs, which parallels the disattenuated construct score creation. Using a value of 0.9 as the threshold, this study concluded that there is no evidence of a lack of discriminant validity.

#### 4.3. Path Coefficients

Verifying the reliability and validity of the outer model allowed an evaluation of the inner path model estimates. The coefficient of determination ( $r^2$ ) of the endogenous latent variables (social capital) was low. The path coefficients, as presented in Table 5, showed that social capital had a significant (at the chosen 5% level of significance) positive effect on a micro-enterprise's performance. The effect of attitude and the moderating-interaction effect of attitude were also positive but not statistically significant.

Table 4. Outer Model Loading and Cross-Loading

	Social Capital	Attitude	Enterprise Performance
More members in a group help to get information	0.602	0.282	0.329
We have close friendship in my group	0.824	0.355	0.348
We communicate frequently	0.807	0.322	0.399
Group members share the same language and understand one another	0.807	0.465	0.400
My group members trust and believe in one another	0.697	0.485	0.379
I know about the availability of women's social groups in my area	0.216	0.662	0.224
When I joined a social group, I was encouraged	0.252	0.679	0.177
Group membership gave me ability to improve my business	0.512	0.867	0.320
Group membership gave me confidence in doing business	0.468	0.769	0.314
Increase in business income (net profit)	0.435	0.373	0.716
Increase in sales	0.346	0.178	0.777
Improvement in savings	0.338	0.225	0.761
Business and domestic expenses easily settled	0.301	0.227	0.665
<i>Fornell-Larcker Criterion</i>			
Social Capital	0.752		
Attitude	0.513	0.749	
Enterprise Performance	0.497	0.359	0.731
<i>Heterotrait-Monotrait Ratio (HTMT)</i>			
Social Capital			
Attitude	0.625		
Enterprise Performance	0.641	0.456	

Table 5. Path Coefficients

	Path Coefficient	t	p	r <sup>2</sup>
Social Capital → Ent. Performance	0.428	3.638	0.000	0.262
Attitude → Ent. Performance	0.142	1.232	0.219	
Moderating Effect	0.007	0.023	0.982	
<i>(Moderating effect of Attitude on Social Capital → Enterprise Performance)</i>				

## 5. Discussion and Conclusion

Regarding demographic characteristics of the respondents, this study indicated that most women entrepreneurs in Kelantan were not highly educated, as a majority of them did not have an undergraduate degree; most of them had secondary school education. In terms of age, a majority was within the 31-40 years age bracket. This is in support of previous studies, in India and Pakistan, which had the mean age of women at 39 and 38, respectively (Basargekar, 2011; Roomi & Parrot, 2008). The women were mostly married, and with high school education as their highest qualification in Malaysia, India, and Pakistan, respectively (AbdulJamak, 2011; Basargekar, 2011; Roomi & Parrot, 2008). The result also showed that many youths in Kelantan were not found in micro-enterprises, which means that such businesses were left to married women. This goes to support Roomi and Parrot (2008) that most women in developing countries venture into entrepreneurship to support their family income. Moreover, entrepreneurs in Kelantan were nascent entrepreneurs (new entrants) who lacked business experience, a result similar to Abdul Jamak (2011).

In terms of the objectives of the study, the current findings corroborated with previous studies in other contexts that social capital has a significant positive effect on a micro-enterprise's performance (e.g. Chan & Foster, 2001; Gine & Karlan, 2009; Hassan & Mugambi, 2013; Kim &



Sherraden, 2014; Lawal et al., 2009; Mkpado & Arene, 2007; Tata & Prasad, 2008). For example, Kim and Sherraden (2014) found a significant positive relationship between social capital and women business start-ups in the USA. This goes to indicate the vital importance of group membership among women entrepreneurs so as to access information and other resources required for business performance.

Although the effect of attitude and its moderating-interaction effect were positive, they were not statistically significant. The study discovered that the attitude of women entrepreneurs to social capital did not moderate the relationship between social capital and women's micro-enterprise performance in Kelantan. This result contradicted Ekpe et al. (2012) and Ekpe (2011), which established a pure moderating effect of attitude (self-confidence) and a quasi moderating effect of attitude (ability to expand business) on the relationship between loan access, skill acquisition, and bonding, and women entrepreneurs' business performance in Nigeria, respectively.

The possible justifications or reasons for the differences in the result of the moderating effect of attitude on micro-enterprise performance could be that the women entrepreneurs in Kelantan might have been motivated by such environmental factors, as socio-cultural, to achieve business performance other than their attitude. For example, women entrepreneurs in the food services and beverage industry would continue to get patronage from customers whether they have social networks or not, since Malaysians generally love food. This socio-cultural and group characteristic also includes the possible socio-cultural perception landscape in Kelantan especially in the food and retail business. First, it might be the perception of the Kelantanese that whatever food or merchandise on sale is attractive, so long as it has intrinsic value and of good merchantable quality. Second, the Kelantanese have the innate propensity to buy food and merchandise on sale mostly at the spur of the moment and such purchases need not be costly or of high priority on the expenditure list of pre-planned expenditure as far as it provides that instant purchasing pleasure whether they are buying in solo or in a group. Third, with regards to food, the Kelantanese, since the Independence of Malaysia in 1957, prefer buying and eating outside their homes due to the changing work life with more women joining the workforce and sometimes providing even better financial coverage for their families than men. Fourth, most of the foods and merchandise including sweetmeats, traditional items and crafts are sold at minimum prices, for anything that is even viewed as expensive, is contrary to the social norms and cultural acceptance. This practice of selling at minimum prices is reflected in the popularity of the Kelantan state as the place for a cornucopia of shopping activities for non-Kelantanese coming from other states and destinations in Malaysia. Aside from the socio-cultural factors, the fact that the study was limited to the Kelantan state, while previous works cited above were national studies with national coverage, might have equally accounted for the variation in the result.

## 5. Conclusion

The study reported a significant positive relationship between social capital and women's micro-enterprise performance in Kelantan; the result of which supported previous studies in other contexts. However, the effect of attitude and its moderating-interaction effect were positive but not statistically significant. Considering the importance of micro-enterprises in terms of job creation and positive contribution to the GDP of most developing countries, the Malaysian government should create awareness among the women about the existence and benefits of women's associations especially in local areas. Aside from micro-credit and training, women entrepreneurs also need social capital to gain access to information, knowledge, professional advice, and avenue for customers. It is also recommended that women entrepreneurs in Kelantan should join social groups or business associations in their communities in order to access business information and other resources necessary for business performance. Furthermore, the results of this study and the recommendations thereof would enable the Malaysian government to determine the areas of focus in redesigning enterprise development programs as well as to develop strategies to enhance the

ability of women entrepreneurs to benefit from their social capital, in order to improve their business performance and socio-economic wellbeing.

This study was limited to women entrepreneurs who belonged to any loan group, thus excluding women entrepreneurs who did not belong to a loan group. However, future researchers could include an external controlled group consisting of women entrepreneurs who did not belong to any loan group but who had received loans and training. This is because, though they may have a negative attitude towards social capital, they could possibly be motivated by other factors (e.g. socio-cultural) to achieve high business performance. For example, entrepreneurs in the food services business thrive well in Kelantan, even if they do not belong to social groups because the citizens are food lovers. Additionally, this study was limited to one state in Malaysia. Future studies could examine the effect of social capital on women's micro-enterprise performance in all the six poorest states in Malaysia to see the composite and individual effects.

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